



4004

ANNUAL REPORT

OF

Name: NIAGARA TELEPHONE COMPANY

Principal Office: 1133 MAIN ST
P.O. BOX 3
NIAGARA, WI 54151-0003

For the Year Ended: DECEMBER 31, 1998

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: NIAGARA TELEPHONE COMPANY
Utility Location: 1133 MAIN ST
P.O. BOX 3
NIAGARA, WI 54151-0003

Utility Web Site Address:

When was utility organized?: 05/01/1941

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: SYDNEY R. PETERSON
Title: PRESIDENT & MANAGER

Office Address: 1133 MAIN STREET
NIAGARA, WI 54151

Fax Number: (715) 251 - 1119
Telephone Number: (715) 251 - 3116
Email Address:

Individual or firm, if other than utility employee, preparing this report

Name: KIESLING ASSOCIATES LLP
Title: ACCOUNTING FIRM
Firm: KIESLING ASSOCIATES LLP
Office Address: 6401 ODANA ROAD
MADISON, WI 53719

Fax Number: (608) 273 - 2383
Telephone Number: (608) 273 - 2315
Email Address:

Person responsible for financial information contained in report

Name: M. O. WILKINS
Title: TREASURER

Office Address: 104 WEST WALKER STREET
P.O. BOX 160
WITTENBERG, WI 54499

Fax Number: (715) 253 - 3497
Telephone Number: (715) 253 - 2111
Email Address:

Person responsible for statistical information contained in report

Name: SYDNEY R. PETERSON
Title: PRESIDENT & MANAGER

Office Address: 1133 MAIN STREET
NIAGARA, WI 54151

Fax Number: (715) 251 - 1119
Telephone Number: (715) 251 - 3116
Email Address:

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: BEATE M. REUBER
Address: PO BOX 668
HECTOR, MN 55342

Number of Shares Held: 522
Beneficial Owner: NONE

Name: BRUCE C. REUBER
Address: PO BOX 668
HECTOR, MN 55342

Number of Shares Held: 522
Beneficial Owner: NONE

Name: NANCY L. PETERSON
Address: 288 HOOVER AVENUE
NIAGARA, WI 54151

Number of Shares Held: 262
Beneficial Owner: NONE

Name: SYDNEY R. PETERSON
Address: 288 HOOVER AVENUE
NIAGARA, WI 54151

Number of Shares Held: 1,500
Beneficial Owner: NONE

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	2,834,165	2,860,590	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	470,775	472,243	2
Plant Nonspecific Operations Expense	793,660	814,671	3
Customer Operations Expense (6610-6620)	326,568	361,145	4
Corporate Operations Expense (6710-6790)	475,135	468,747	5
Other Operating Income and Expense (7100)	3,411	5,422	6
Operating Taxes (7200)	320,730	329,648	7
Total Operating Expenses	2,383,457	2,441,032	8
Net Operating Income	450,708	419,558	9
Other Income			
Nonoperating Income and Expense (7300)	391,943	450,010	10
Nonoperating Taxes (7400)	150,283	153,424	11
Interest and Related Items (7500)	183,264	182,415	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	25,882	28,988	14
Total Nonoperating Income	84,278	143,159	15
Net Income	534,986	562,717	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

The accounting policies of the Company conform to generally accepted accounting principles. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission as modified by the Public Service Commission of Wisconsin (PSCW).

A. Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates, based on the estimated service lives of the various classes of depreciable property.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal cost less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

B. Income taxes

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities include the difference between carrying amounts of depreciable assets and partnership investment basis. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Investment tax credits (ITC) which were deferred prior to the Tax Reform Act of 1986 are being amortized over the regulatory life of the plant which produced the ITC

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

which produced the ITC.

C. Revenue Recognition

Revenues are recognized when earned regardless of the period in which they are billed.

Revenues relating to the provision of access services to customers are derived, in part, from tariffed access charges to toll service providers (interexchange carriers), and in part from sharing in interstate and intrastate pools. Interstate revenues are determined in accordance with nationwide average cost schedules.

The Company is compensated for intrastate access under access charge procedures based on expense and plant investment levels, as determined by the Company and approved by the PSCW.

D. Cash Equivalents

All highly liquid investments purchased with a maturity of one year or less are considered cash equivalents.

E. Investments

Non-marketable equity investments and temporary investments are stated at cost. The Company has interests in the Wisconsin RSA #3 and #4 cellular partnerships. These partnerships were formed to provide mobile cellular radio telecommunications service.

-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None.

-
3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

The mortgage to the United States of America, underlying the Rus notes, contains certain restrictions on the declaration of payment of cash dividends, redemption of capital stock, or investment in affiliated companies. As of December 31, 1998, the maximum amount which could be distributed in accordance with these restrictions was \$1,915,570, except as might be specifically authorized in writing in advance by the RUS noteholders.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	472,627	178,067	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	472,627	178,067	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	171,234	180,906	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	171,234	180,906	
Other Accounts Receivable (1190)*	298,104	394,926	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	298,104	394,926	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	0	0	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	469,338	575,832	
SUPPLIES			
Inventories (1220)*	99,676	122,214	13
TOTAL SUPPLIES	99,676	122,214	
PREPAYMENTS			
Total Prepayments (1280)*	47,822	79,873	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	47,822	79,873	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	36,372	10,387	20
TOTAL OTHER CURRENT ASSETS	36,372	10,387	
TOTAL CURRENT ASSETS	1,125,835	966,373	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	119,286	120,000	21
Investments in Nonaffiliated Companies (1402)*	2,051,034	1,860,906	22
Nonregulated Investments (1406)*	26,084	37,316	23
Unamortized Debt Issuance Expense (1407)*	2,781	3,373	24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	0	7,231	26
TOTAL INVESTMENTS	2,199,185	2,028,826	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	(8,754)	(4,377)	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	3,000	0	29
TOTAL DEFERRED CHARGES	(5,754)	(4,377)	
TOTAL NONCURRENT ASSETS	2,193,431	2,024,449	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	10,250,043	9,635,650	30
Less: Accumulated Depreciation (3100)*	5,006,012	5,250,321	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	33
Less: Accumulated Amortization--Intangible (3500)*	0	0	34
NET TELECOMMUNICATIONS PLANT IN SERVICE	5,244,031	4,385,329	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	21,457	21,457	37
Less: Accumulated Depreciation--Nonoperating (3300)*	7,763	6,935	38
NET NONOPERATING PLANT	13,694	14,522	
TPUC			
TPUC (2003)*	0	977,632	39
TOTAL TPUC	0	977,632	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	40
Less: Accumulated Amortization--Other (3600)*	0	0	41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	5,257,725	5,377,483	
TOTAL ASSETS AND OTHER DEBITS*	8,576,991	8,368,305	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	367,208	596,589	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	23,200	22,100	3
Customer Deposits (4040)*	7,028	4,485	4
Current Maturities--Long-Term Debt (4050)*	482,300	417,600	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	(96,966)	0	7
Other Taxes--Accrued (4080)*	0	273	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	94,119	88,499	11
Other Current Liabilities (4130)*		0	12
TOTAL CURRENT LIABILITIES*	876,889	1,129,546	
LONG-TERM DEBT			
Funded Debt (4210)*	2,977,847	2,923,494	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	2,977,847	2,923,494	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	69,891	50,283	20
Unamortized Operating ITC--Net (4320)*	53,603	80,405	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	222,754	160,864	23
Net Deferred Tax Liability Adjustments (4341)*	(40,342)	(44,896)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(42,047)	(34,371)	25
Other Deferred Credits (4360)*	47,857	57,429	26
Deferred Tax Regulatory Liability (4361)*	40,517	59,267	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	352,233	328,981	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	348,000	348,000	28
Additional Paid-in Capital (4520)*	0	0	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	4,022,022	3,638,284	32
TOTAL STOCKHOLDERS' EQUITY*	4,370,022	3,986,284	
TOTAL LIABILITIES AND OTHER CREDITS*	8,576,991	8,368,305	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	540,338	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	659,425	2
Interest during construction	(38,026)	3
Changes in assets and liabilities:		
Current assets (net)	135,098	4
Other noncurrent assets	8,016	5
Other current liabilities	(317,357)	6
Other liabilities and deferred credits	23,252	7
Other (specify):		
TOTAL ADJUSTMENTS	470,408	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,010,746	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(501,641)	8
Investments in affiliated companies	714	9
Nonoperating Investments	(178,896)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(679,823)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	120,237	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	0	14
Dividends paid	(156,600)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(36,363)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	294,560	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None .

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None .

3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

None .

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

None .

5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

None .

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

None .

7. Changes in articles of incorporation or amendments to charter.

None .

8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

None .

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Borderland Communications, LLC	BDLD	1
Computer Systems Limited Liability Corporation	CSLLC	2
Interstate Telcom Consulting Inc.	ITCI	3

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars	(a)	(b)	(c)	(d)	(e)
Docket		4160-AT-000100	4160-AT-000101		
Name of Affiliate		CSLLC	ITCI		1
Designate whether billed to or from:		FROM	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		M	M		3
Revenues					4
Expenses:					
Plant Specific Operations Expense					5
Plant Nonspecific Operations Expense					6
Customer Operations Expense					7
Corporate Operations Expense					8
Total Operating Expenses		0	0	0	0
Other:					
Plant Accounts					10
Accumulated Depreciation					11
Accumulated Amortization					12
Clearing					13
All Other		89,770	58,742		14
Total		89,770	58,742	0	0
Percent of affiliate's business billed to all affiliated regulated utilities		61.21	3.73		16
If cost based, rate of return on equity or markup incorporated in billings					17
Footnotes					

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Borderland Communications, LLC	1401	(714)	1
Computer Systems Limited Liability Corporation	1401	120,000	2
Computer Systems Limited Liability Corporation	4010	6,600	3
Interstate Telcom Consulting Inc.	4010	1,823	4

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off		1
Uncollectibles written off during the year		2
Net write offs during the year	0	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
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NONE

Total				<u><u>0</u></u>	<u><u>0</u></u>	1
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	0	1
Other:		
Florence Medical Center Stock	100	2
RTFC-SCC Certificates	83,784	3
RSA #3-Partnership	308,215	4
RSA #4-Partnership	1,472,646	5
WITS Class A Stock	200	6
WITS Class B Stock	32,700	7
Metro Southwest PCS, LLP	153,389	8
Total Investments in Nonaffiliated Companies	2,051,034	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
Inventory	26,084	1

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
NONE	
Total	0

1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	80,291	7,876	1
Motor Vehicles	2112	242,590	59,866	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	121,407	20,058	6
Buildings	2121	847,822	3,104	7
Furniture	2122	13,484		8
Office Equipment	2123	7,457	0	9
General Purpose Computers	2124	58,430	1,845	10
TOTAL--GENERAL SUPPORT ASSETS:		1,371,481	92,749	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	2,734,608	511,728	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	795,991	80,590	16
TOTAL--CENTRAL OFFICE ASSETS:		3,530,599	592,318	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	87,530	3,372	22
Aerial Cable	2421	380,267	393	23
Underground Cable	2422	399,533	16,422	24
Buried Cable	2423	3,202,246	745,386	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	5,757		29
Conduit Systems	2441	658,237	69,224	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		4,733,570	834,797	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			88,167	1
2112	30,485		271,971	2
2113			0	3
2114			0	4
2115			0	5
2116			141,465	6
2121			850,926	7
2122			13,484	8
2123	0	0	7,457	9
2124			60,275	10
	30,485	0	1,433,745	
2211			0	11
2212	874,986	0	2,371,350	12
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	0	876,581	16
	874,986	0	3,247,931	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			90,902	22
2421	0	0	380,660	23
2422	0	0	415,955	24
2423	0	0	3,947,632	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			5,757	29
2441			727,461	30
	0	0	5,568,367	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	9,635,650	1,519,864
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	905,471	0	10,250,043	
2001			0	34
			10,250,043	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	1,884		1
Company Communications Equipment	2123.2	5,573		2
Software	2212.1	149,966		3
Digital Switching - Central Office	2212.2	2,584,642	511,728	4
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	795,991	80,590	10
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	0		12
Aerial Cable - Nonmetallic	2421.1	10,263		13
Aerial Cable - Metallic	2421.2	370,004	393	14
Underground Cable - Nonmetallic	2422.1	75,874	16,422	15
Underground Cable - Metallic	2422.2	323,659		16
Buried Cable - Nonmetallic	2423.1	282,946	581,001	17
Buried Cable - Metallic	2423.2	2,919,300	164,385	18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS) **(cont.)**

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			1,884	1
2123.2			5,573	2
2212.1	46,872		103,094	3
2212.2	828,114		2,268,256	4
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1			876,581	10
2232.2			0	11
2232.3			0	12
2421.1			10,263	13
2421.2			370,397	14
2422.1			92,296	15
2422.2			323,659	16
2423.1			863,947	17
2423.2			3,083,685	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	172,570		14,000	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	77,472	10.0	12,452	5
Buildings	2121	315,376	3.03	25,696	6
Furniture	2122	4,828	10.0	1,350	7
Office Equipment	2123	6,516		746	8E
General Purpose Computers	2124	50,886	25.0	9,089	9
Total-- GENERAL SUPPORT ASSETS		627,648		63,333	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	1,965,680		258,087	11E
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	383,847	12.0	91,550	15
Total-- CENTRAL OFFICE ASSETS		2,349,527		349,637	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	53,580	6.39	5,796	21
Aerial Cable	2421	301,617		19,533	22E
Underground Cable	2422	141,704		17,847	23E
Buried Cable	2423	1,577,284		178,947	24E
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	5,756	20.0	48	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	193,205	3.5	24,284	29
Total-- CABLE WIRE FACILITIES ASSETS		2,273,146		246,455	0
Total Accumulated Depreciation	3100	5,250,321		659,425	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	30,485		1,315		157,400	1
2113					0	2
2114					0	3
2115					0	4
2116					89,924	5
2121					341,072	6
2122					6,178	7
2123	0				7,262	8 E
2124			300		60,275	9
	30,485	0	1,615	0	662,111	
2211					0	10
2212	874,986				1,348,781	11 E
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				475,397	15
	874,986	0	0	0	1,824,178	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411		1,066			58,310	21
2421	0	551			320,599	22 E
2422	0				159,551	23 E
2423	0		1,739		1,757,970	24 E
2424	0				0	25
2425					0	26
2426	0				0	27
2431					5,804	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					217,489	29
	0	1,617	1,739	0	2,519,723	
3100	905,471	1,617	3,354	0	5,006,012	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	1,466	10.0	223		1
Company Communications Equipment	2123.2	5,050	20.0	523		2
Software	2212.1	133,132	25.0	16,834		3
Digital Switching - Central Office	2212.2	1,832,548		241,253		4 E
Digital Switching - Remote	2212.3	0				5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	0				8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	383,847	12.0	91,550		10
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	0				12
Aerial Cable - Nonmetallic	2421.1	2,398	5.0	513		13
Aerial Cable - Metallic	2421.2	299,219	5.26	19,020		14
Underground Cable - Nonmetallic	2422.1	14,105	4.1	3,263		15
Underground Cable - Metallic	2422.2	127,599	4.5	14,584		16
Buried Cable - Nonmetallic	2423.1	20,641	4.6	15,748		17
Buried Cable - Metallic	2423.2	1,556,643	5.5	163,199		18
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					1,689	1
2123.2					5,573	2
2212.1	46,872				103,094	3
2212.2	828,114				1,245,687	4 E
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					475,397	10
2232.2					0	11
2232.3					0	12
2421.1					2,911	13
2421.2		551			317,688	14
2422.1					17,368	15
2422.2					142,183	16
2423.1					36,389	17
2423.2			1,739		1,721,581	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1 I
Other Noncurrent Assets (1410)	(1,893)	2 I
Deferred Tax Regulatory Asset (1437)	(4,377)	3 I
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(177,318)	5 I
Net Deferred Tax Liability Adjustments (4341)	44,896	6 I
Deferred Tax Regulatory Liability (4361)	(59,267)	7 I
Net Property Related Deferred Operating Income Taxes	(197,959)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(197,959)	
NONPROPERTY RELATED		
Other Current Assets (1350)	10,387	9 I
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	16,454	13 I
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	26,841	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250			36,372	36,372	1 |
7250			1,893	0	2 |
			(4,377)	(8,754)	3 |
7250				0	4 |
7250			(45,436)	(222,754)	5 |
			(4,554)	40,342	6 |
			18,750	(40,517)	7 |
	0	0	2,648	(195,311)	
				0	8 |
	0	0	2,648	(195,311)	
7250			(10,387)	0	9 |
7250				0	10 |
				0	11 |
7250				0	12 |
7250			(16,454)	0	13 |
				0	14 |
				0	15 |
	0	0	(26,841)	0	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)
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NONE

Total Notes Payable	<u>0</u>	1
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LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RTFC Note	06/11/1994	07/11/1999	6.3500	1
RTFC Note	04/23/1997-10/14/1997	03/03/2002	6.3500	2
RTFC NOTE	05/12/1998	10/22/2002	6.3500	3
RUS Note	08/12/1978	08/12/2013	5.0000	4
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
6.3500			0	79,026	79,026	1
6.3500			492,627	201,900	694,527	2
6.3500			326,379	94,674	421,053	3
5.0000			2,158,841	106,700	2,265,541	4
	0	0	2,977,847	482,300	3,460,147	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
Common Stock	4,000	100.00	1
TOTAL COMMON STOCK	4,000		
TOTAL	4,000		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares	Amount	Shares	Amount	
	(e)	(f)	(g)	(h)	
COMMON STOCK:					
Common Stock	3,480	348,000			1
	3,480	348,000	0	0	
TOTAL	<u>3,480</u>	<u>348,000</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	3,638,284	3,186,927	1
Changes:			
Balance Transferred from Income	540,338	562,717	2
Dividends Declared:			
Common	156,600	111,360	3
Preferred			4
Total Dividends Declared	156,600	111,360	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
Balance--End of Year	<u>4,022,022</u>	<u>3,638,284</u>	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	163,143	37,360	116,613	1
Nonoperating Taxes (Accts. 7410 - 7450)		29,115	120,527	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		3,173	9,485	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
Investment Tax Credit			26,802	10
Operating Deferrd Taxes		(6,608)	(17,611)	11
Nonoperating Deferred Taxes		985	(4,649)	12
Nonregulated Deferred Taxes		(87)	2,329	13
TOTAL	<u>163,143</u>	<u>63,938</u>	<u>253,496</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
3,614					320,730	1
	641				150,283	2
					0	3
					12,658	4
					0	5
					0	6
				57,928	57,928	7
				8,286	8,286	8
				1,308	1,308	9
					26,802	10
					(24,219)	11
					(3,664)	12
					2,242	13
3,614	641	0	0	67,522	552,354	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	827,414	789,514	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	827,414	789,514	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	187,558	181,326	11
Switched Access Revenue (5082)*	972,430	1,024,022	12
Special Access Revenue (5083)*	33,694	28,517	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,193,682	1,233,865	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*		0	14
Switched Access Revenue (5084.2)*	499,526	478,069	15
Special Access Revenue (5084.3)*	46,238	47,974	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	545,764	526,043	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	9,572	9,572	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	9,572	9,572	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	111,484	116,891	30
Rent Revenue (5240)*	6,740	5,657	31
Corporate Operations Revenue (5250)*	0	60	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	4,065	6,257	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	4,065	6,257	
Interstate Billing and Collection Revenue*	111,245	125,671	39
Intrastate Billing and Collection Revenue*	35,065	38,996	40
Total Carrier Billing and Collection Revenue (5270)*	146,310	164,667	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	268,599	293,532	
GROSS OPERATING REVENUES	2,845,031	2,852,526	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	10,866	(8,064)	42 G
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	10,866	(8,064)	
TOTAL OPERATING REVENUES	2,834,165	2,860,590	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	465	0		1
Less: Nonregulated	465	0		2
Net Regulated	0	0	0	3
Total General Support Expense (6120)	82,220	49,016		4
Less: Nonregulated	0	0		5 A
Net Regulated	82,220	49,016	0	6
Total Central Office Switching Expense (6210)	96,755	100,188		7
Less: Nonregulated	0	0		8
Net Regulated	96,755	100,188	0	9
Total Operator Systems Expense (6220)	0	0		10
Less: Nonregulated	0	0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	6,290	17,160		13
Less: Nonregulated	0	0		14 B
Net Regulated	6,290	17,160	0	15
Total Information Orig. / Term. Expense (6310)	2,485	0		16
Less: Nonregulated	0	0		17
Net Regulated	2,485	0	0	18
Total Cable and Wire Fac. Expense (6410)	284,493	304,411		19
Less: Nonregulated	0	0		20
Net Regulated	284,493	304,411	0	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	472,708	470,775	0	
Less: Nonregulated	465	0	0	
Net Regulated	472,243	470,775	0	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	0	22
Less: Nonregulated	0	0		23
Net Regulated	0	0	0	24
Total Network Operations Expense (6530)	91,575	117,905		25
Less: Nonregulated	0	0		26 C
Net Regulated	91,575	117,905	0	27
Access Expense (6540)	0	13,654		28
Less: Nonregulated	0	0		29 D
Net Regulated	0	13,654	0	30
Total Depreciation and Amortization Expense (6560)	725,694	659,425		31
Less: Nonregulated	2,598	2,676		32
Net Regulated	723,096	656,749		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	817,269	790,984	0	
Less: Nonregulated	2,598	2,676	0	
Net Regulated	814,671	788,308	0	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110					1
					2
	0	0	0	0	3
6120			49,016		4
			0		5 A
	0	0	49,016	0	6
6210			100,188		7
			0		8
	0	0	100,188	0	9
6220			0		10
			0		11
	0	0	0	0	12
6230			17,160		13
			0		14 B
	0	0	17,160	0	15
6310			0		16
			0		17
	0	0	0	0	18
6410			304,411		19
			0		20
	0	0	304,411	0	21
	0	0	470,775	0	
	0	0	0	0	
	0	0	470,775	0	
6510	0	0	0	0	22
			0		23
	0		0	0	24
6530			117,905		25
			0		26 C
	0	0	117,905	0	27
6540			13,654		28
			0		29 D
	0	0	13,654	0	30
6560			659,425		31
			2,676		32
			656,749		33
	0	0	790,984	0	
	0	0	2,676	0	
	0	0	788,308	0	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	3,507	5,069	34
Less: Nonregulated	0	0	35
Net Regulated	3,507	5,069	0 36
Total Services (6620)	357,638	321,499	37
Less: Nonregulated	0	0	38
Net Regulated	357,638	321,499	0 39
TOTAL CUSTOMER OPERATIONS EXPENSE	361,145	326,568	0
Less: Nonregulated	0	0	0
Net Regulated	361,145	326,568	0
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	196,800	230,081	40
Less: Nonregulated	0	0	41
Net Regulated	196,800	230,081	0 42
Total General and Administrative (6720)	271,947	245,054	43
Less: Nonregulated	0	0	44
Net Regulated	271,947	245,054	0 45
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	468,747	475,135	0
Less: Nonregulated	0	0	0
Net Regulated	468,747	475,135	0
TOTAL EXPENSES	2,119,869	2,063,462	0
Less: Nonregulated	3,063	2,676	0
Net Regulated	2,116,806	2,060,786	0

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610			5,069		34
			0		35
	0	0	5,069	0	36
6620			321,499		37
			0		38
	0		321,499	0	39
	0	0	326,568	0	
	0	0	0	0	
	0	0	326,568	0	
6710			230,081		40
			0		41
	0		230,081	0	42
6720			245,054		43
			0		44
	0		245,054	0	45
6790			0		46
			0		47
			0		48
	0	0	475,135	0	
	0	0	0	0	
	0	0	475,135	0	
	0	0	2,063,462	0	
	0	0	2,676	0	
	0	0	2,060,786	0	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0		1
Provisioning Expense (6512)	0	0		2
Total: Reported in Account 6510	0	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	725,694	659,425		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	725,694	659,425		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511			0		1
6512			0		2
	0		0	0	
6561			659,425		3
6562					4
6563					5
6564					6
6565					7
			659,425		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	2,845,031	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	3,411	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	<u>2,848,442</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	827,414	1
Plus: Total Intrastate Access Revenues (5084)	545,764	2
Plus: Total Long Distance Network Services Revenue	9,572	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,382,750</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	2,845,031	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	3,411	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>2,848,442</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	827,414	1
Plus: Total Intrastate Access Revenues (5084)	545,764	2
Plus: Total Long Distance Network Services Revenue	9,572	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,382,750</u>	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	3,411	5,422	1
Return from Nonregulated Use of Regulated Facilities (7130)*	0	0	2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	3,411	5,422	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(26,802)	(26,802)	6
Operating Federal Income Taxes (7220)*	125,804	167,206	7
Operating State and Local Income Taxes (7230)*	30,752	39,842	8
Operating Other Taxes (7240)*	166,757	170,277	9
Provision for Deferred Operating Income Taxes--Net (7250)*	24,219	(20,875)	10
TOTAL OPERATING TAXES (7200)*	320,730	329,648	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	11,500	0	11
Interest Income (7320)*	2,004	852	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	38,026	17,816	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	344,393	433,393	16
Special Charges (7370)*	3,980	2,051	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	391,943	450,010	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	115,878	136,627	19
Nonoperating State and Local Income Taxes (7430)*	30,100	36,490	20
Nonoperating Other Taxes (7440)*	641	570	21
Provision for Deferred Nonoperating Income Taxes--Net (7450)*	3,664	(20,263)	22
TOTAL NONOPERATING TAXES (7400)*	150,283	153,424	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	182,238	169,639	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	592	592	25
Other Interest Deductions (7540)*	434	12,184	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	183,264	182,415	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*	0	0	27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	25,882	28,988	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	199,934	1
Less: Cost of Goods Sold	0	2
Net Sales	199,934	3
Expenses (Acct. 7990.2)	174,052	4
Nonregulated Net Income	25,882	5

List the type of nonregulated activities that company is involved in:

Selling and leasing of customer premise equipment.
Mobile radio sales and internet provider.

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	0	1
Nonregulated Expense		2
Plant Accounts		3
Accumulated Depreciation Accounts		4
All Other Accounts	752,560	5
Total Salaries and Wages	752,560	6 H

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	5.00	5.00	153,358	1
Supervision and Other Management	1.00	1.00	53,557	2
Other Employees	12.00	12.00	545,645	3
Total	18.00	18.00	752,560	

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	5.00	5.00	153,358	1
Supervision and Other Management	1.00	1.00	53,557	2
Other Employees	12.00	12.00	545,645	3
Total	18.00	18.00	752,560	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	493	1,738	1
Extended Area Service	116	440	2
Extended Community Calling	35	143	3
Other Local-Undefined			4
Total Local	644	2,321	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA	2	19	6
Operator Handled: Interstate	4	33	7
Customer Dialed: State--intraLATA			8
Customer Dialed: State--interLATA	58	611	9
Customer Dialed: Interstate	119	1,055	10
WATS			11
Other Toll-Undefined			12
Total Toll	183	1,718	
Total Local & Toll	827	4,039	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.	1				2
Feature Group B -- Orig.	1	1			3
Feature Group B -- Term.					4
Feature Group C -- Orig.			4	2,208	5
Feature Group C -- Term.				1,893	6
Feature Group D -- Orig.	2,797	3,344	62	364	7
Feature Group D -- Term.	5,785	4,213			8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	48	1
Sheath miles of plant - buried	617	2
Sheath miles of plant - fiber optics	62	3
Strand miles of plant - fiber optics	1,708	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	13	8	1
56 kbps	11	4	2
64 kbps (DS0)	3	0	3
1.54 Mbps (DS-1)	6	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	48	1
Sheath miles of plant - buried	617	2
Sheath miles of plant - fiber optics	62	3
Strand miles of plant - fiber optics	1,708	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	13	8	1
56 kbps	11	4	2
64 kbps (DS0)	3	0	3
1.54 Mbps (DS-1)	6	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	584	637	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks			6
Centrex Trunks	26	26	7
Centrex Lines			8
Key System Trunks	142	165	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	38	37	13
Coin-Operated Pay Telephone			14
Independent Pay Telephone Provider	4	0	15
Pay Stations - Public			16
- Semi-Public			17
- Cust. Owned			18
Other			19
Total Business Lines	794	865	20
Residential (Incl. Emp. Concess.)			
1 Party	3,270	3,324	22
2 Party			23
4 Party			24
FX-Out (Switched)			25
Other	17	19	26
Total Residential Lines	3,287	3,343	27
Total Bus & Res Lines	4,081	4,208	28
Company Used Lines	21	21	29
Total Lines Used	4,102	4,229	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS			3
WATS Lines - 800 Service	4	4	4
FX-In-intraLATA			5
Special Access-intraLATA			6
(expressed in equiv. access lines)	8	12	7
Special Access-interLATA			8
(expressed in equiv. access lines)	71	171	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	1,274	1,346	13
TSPS - Trunks	22	16	14
EAS - Trunks	82	106	15
Cellular Trunks (Pub. Sw. Net.)		24	16
Video Distance Learning			17
- discounted (special tariff)			18
Customers			
Business - 2 Party Customers			19
Business - 4 Party Customers			20
Residential - 2 Party Customers			21
Residential - 4 Party Customers			22
Other			
Total Central Office, Info. Orig./Term., & Cable			23
Wire Fac. Assets (based on physical location of plant)	8,264,169	8,816,298	24
Total Company Square Miles	389	389	25
Total Company Route Miles	539	553	26
Footnotes			27
			28
			29
			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
Business					2
1 Party	92	214	250	81	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks					6
Centrex Trunks	---CONF---	---CONF---	---CONF---	---CONF---	7
Centrex Lines					8
Key System Trunks	15	60	78	12	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	5	10	17	5	13
Coin-Operated Pay Telephone					14
Independent Pay Telephone Provider		0	0		15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
Total Business Lines	112	284	371	98	20
Residential (Incl. Emp. Concess.)					21
1 Party	661	912	1,122	629	22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other	2	1	16		26
Total Residential Lines	663	913	1,138	629	27
Total Bus & Res Lines	775	1,197	1,509	727	28
Company Used Lines	7	3	7	4	29
Total Lines Used	782	1,200	1,516	731	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service			4		4
FX-In-intraLATA					5
Special Access-intraLATA (equiv. access lines)	5		5	2	6
Special Access-interLATA (equiv. access lines)	1	113	56	1	7
Feature Group A Lines					8
Feature Group B Trunks					9
Feature Group C Trunks					10
Feature Group D Trunks	72	96	984	194	11
TSPS - Trunks	0	0	12	4	12
EAS - Trunks	72			34	13
Cellular Trunks (Pub. Sw. Net.)			24		14
Video Distance Learning - discounted (special tariff)					15
Customers					16
Business - 2 Party Customers					17
Business - 4 Party Customers					18
Residential - 2 Party Customers					19
Residential - 4 Party Customers					20
Other					21
Exchange C.O., Info. Orig./Term., & Cable					22
Wire Fac. Assets (based on physical location of plant)	1,668,703	2,043,809	4,042,658	1,061,128	23
Exchange Square Miles	93	208	61	27	24
Exchange Route Miles	131	194	133	95	25
Footnotes					26

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

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Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	1
PSCW Exchange ID	0250	1880	3830	5040	2
Central Office Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	3
PSCW Central Office ID	1	1	1	1	4
Manufacturer of COE (Page 54)	SC	SC	SC	SC	5
Year COE Installed	1998	1998	1983	1991	6
Type of Equipment (Page 54)	D	D	D	D	7
(S)tandalone, (H)ost, (R)emote	R	R	H	S	8
Remote Host PSCW Exchange ID	3830	3830			9
Remote Host PSCW Central Office ID	1	1			10
COE Generic Software Release No.	19	19	19	17	11
SS7?	No	No	No	No	12
9-1-1?	No	No	Yes	No	13
Access Lines - In Use	806	1,280	1,532	857	14
- Equipped	1,038	1,599	1,869	1,023	15
- Wired	1,260	1,620	2,700	1,350	16
Trunks - In Use	72	96	719	135	17
- Equipped	72	96	1,080	232	18
- Wired	144	144	1,260	504	19
ISDN Available?	No	No	No	No	20
ISDN Lines - In Use (BRI)	0	0	0	0	21
- In Use (PRI)	0	0	0	0	22
Switched 56 Service?	No	No	No	No	23
Switched 56 lines in use	0	0	0	0	24
Digital Transmission Facilities: DS-1 - In Use	0	3	1	0	25
DS-3 - In Use	0	0	0	0	26
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	27
SMDS?	No	No	No	No	28
Frame Relay?	No	No	No	No	29
ATM (Asynchronous Trans. Mode)?	No	No	No	No	30
Video Information - Service Available?	No	No	No	No	31
- In Use (# lines) ¹	0	0	0	0	32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	32	16	96	16	33
No. of fiber strands working (LIT) in C.O.	8	4	36	0	34
No. of fiber strands for interoffice use	6	2	10	0	35
Miles of fiber sheath in wire center	14	8	40	0	36
Access Tandem Serving this C.O.:					
- C.O. Name	NIAGARA	NIAGARA	NIAGARA	NIAGARA	37
- PSCW C.O. ID	3830-01	3830-01	3830-01	3830-01	38
Does this C.O. do access tandem switching?	No	No	Yes	No	39
Equal Access: InterLATA (1+)?	Yes	Yes	Yes	Yes	40
Equal Access: IntraLATA (1+)?	No	No	No	No	41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote**

October 20, 1999

Mr. Sidney R. Peterson, President
Niagara Telephone Company
1133 Main St
Niagara, WI 54151-1417

Re: 1998 Analytical Review DWCCA-4160-PJL

Dear Mr. Peterson:

The Public Service Commission (PSC) is in the process of completing an analytical review of your utility's 1998 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. As of today's date our office has not received a response to our letter of September 23, 1998 concerning our review of your 1997 annual report. A copy of that letter is enclosed. Please provide your response to that letter at this time.
2. During our review, we noted that item number 1 of the Listing of Edit Check Results indicates that Account 2431, Aerial Wire, is over depreciated. In the future, as directed in the Other Unique Characteristics of Schedule portion of the reference sheet for page 26 in the Operations Manual, please provide a footnote explaining the situation any time an account is over depreciated.

We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 267-9198. Please respond within 30 days of this letter. If we have no questions regarding your response, you can consider the review closed.

Please note that if your response to this letter contains any data that you want to be subject to confidential treatment, you must submit a confidentiality request form with your response.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

PJL:tlk:w:comptelco letters4160 rev letter

Enclosure

Response received 11/22/99

#1, provided.

#2, will comply in the future.

Review closed.

PJL

Accountants Compilation Report

To the Board of Directors
Niagara Telephone Company
Wittenberg, Wisconsin 54499

We have compiled the balance sheets of Niagara Telephone Company as of December 31, 1998 and 1997, and the related statements of income and retained earnings for the years then ended, and the statement of cash flows for the year ended December 31, 1998, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated February 19, 1999.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed

Schedule Footnotes

Identification and Ownership Footnote. Page 7

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**Affiliated Interest Transactions Footnote. Page 15**

Pursuant to agreement with PSCW staff, revenue, expense, and other detail amounts are not required for the 1998 annual report. The total amount for each column is included on the All Other line in order to facilitate the summation function in the program.

Net Deferred Operating Income Taxes (Acct. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) Footnote. Page 30

Pursuant to agreement with PSCW staff, net deferred operating income tax property and nonproperty related detail and activity is not required for the 1998 annual report. The total amounts for accounts 1437, 4100, 4340, 4341, and 4361 are included in the Balance EOY column in order that the Balance Sheet schedules may be populated with the appropriate end-of-year balances for these accounts in the program.

Expense Matrix - Class A & B Footnote. Page 41

Pursuant to agreement with PSCW staff, expense matrix subsidiary record category detail is not required for the 1998 annual report. The total amount for each item is included in the Other column in order to facilitate the summation function in the program.

Schedule Line Footnotes

- A) Decrease due to additional environmental expenses incurred in 1997, nonrecurring in 1998.
- B) Increase due to increase in maintenance expenses related to labor.
- C) Increase due to additional charges related to testing on new switches.
- D) Increase due to new accounts in 1998, no charges coded to 6540 in 1997.
- E) There are different depreciation rates being used within this account and sub-class account.
- F) This footnote is not being used.
- G) Toll uncollectible not reported by Tel. Co. since 1/97.
- H) Pursuant to agreement with PSCW staff, the Regulated Expense salaries and wage amount is included in line 5, All Other Accounts.
- I) See Net Deferred Operating Income Taxes schedule footnote.
- J) This footnote is not being used.